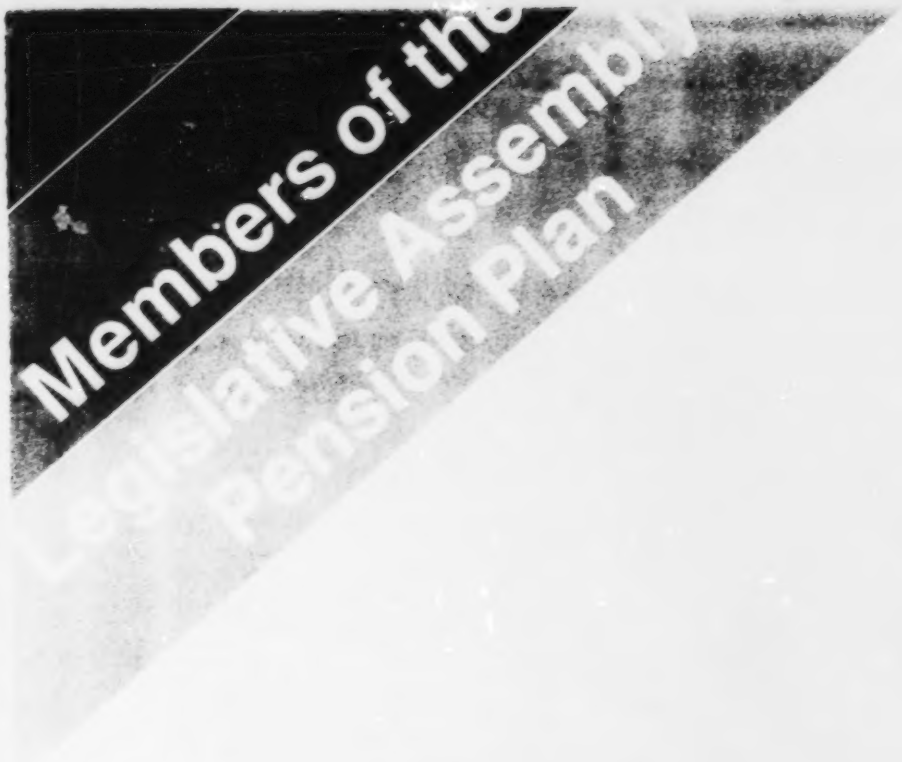

ANNUAL REPORT

FOR THE FISCAL YEAR ENDED MARCH 31, 1990

Alberta
TREASURY

91-05808/

MEMBERS OF THE LEGISLATIVE ASSEMBLY PENSION PLAN

ANNUAL REPORT

for the fiscal year ended March 31, 1990

PROVINCIAL TREASURER
224 Legislature Building, Edmonton, Alberta, Canada T5K 2B6

The Speaker of the Assembly

Sir:

Pursuant to section 4 of the Members of the Legislative Assembly Pension Plan Act, being Chapter M-12.5 of the 1985 Statutes of Alberta, I have the honour to lay before the Assembly the annual report on the operation of the Members of the Legislative Assembly Pension Plan for the fiscal year ended March 31, 1990.

Respectfully submitted,

Dick Johnston
Provincial Treasurer

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Introduction

The Members of the Legislative Assembly Pension Plan was established effective May 7, 1969, by the M.L.A. Pension Act to provide a contributory pension scheme for Members of the Legislative Assembly (MLAs).

The MLA Pension Act was repealed on November 1, 1985, and replaced by the Members of the Legislative Assembly Pension Plan Act. Under the new legislation, policy and administration became the responsibility of the Lieutenant-Governor in Council and the Minister respectively, while provision was made for a Board to be assigned an advisory and appellate role.

Plan Overview

Participation in the Members of the Legislative Assembly Pension Plan is voluntary and MLAs may elect to participate at any time while holding office. It is a contributory defined benefit plan under which the MLA contributes at a rate of 7.5 percent of the allowance paid with respect to each office held. The Government makes a matching contribution. The net amount of pension contributions less payments is deposited to or withdrawn from the Pension Fund Pursuant to the Pension Fund Act. The income of the Pension Fund accrues to and forms part of the Fund. The Government of Alberta guarantees the payment of all benefits under the Members of the Legislative Assembly Pension Plan.

Those members who retire with at least five years of pensionable service in the office of MLA are entitled to a pension. Those members who retire from an office other than MLA with at least one year in that office and at least five years as an MLA are entitled to a pension in respect of that other office. Pension benefits are based on four percent of the highest average pensionable allowances for three consecutive years, times the number of years of pensionable service in an office. If the member has an eligible spouse, unless a waiver is signed by that spouse, the pension paid must be in the normal form of pension. The normal form of a pension is payable for the life of the member with a 75 percent spousal survivor benefit. Single members may elect a life pension, choosing a 5, 10, 15 or 20 year guarantee period. They may also elect a joint life pension based on their life and that of a nominee.

Members may retire at any time if they have accumulated five years of pensionable service. If retirement takes place after age 55, or if age plus pensionable service equals 55 years or greater, no actuarial reduction is applied to the benefit. The Plan also makes provision for those members who die prior to retirement and have accumulated at least five years of pensionable service. In such cases the surviving spouse is entitled to either a spousal pension or a lump sum benefit. The spousal pension is equal to the survivor benefit of a non-reduced joint life pension. A beneficiary other than a spouse must accept a lump sum benefit.

Review of Operations

The Members of the Legislative Assembly Pension Plan is administered by the Payroll and Pensions Division of Alberta Treasury.

In order to increase efficiency and improve service, Payroll and Pensions continues to upgrade its automated systems. Enhanced prior service, data input and participant record keeping systems were developed to improve information gathering and accommodate policy and procedural changes.

Pension forms were completely redesigned and master copies of each form have been provided to the Legislative Assembly Office. By allowing the production of forms as required, stockpiling and wastage occasioned by form changes are eliminated.

Actuarial Liabilities

An independent actuarial valuation carried out at March 31, 1988, estimated the accrued liability of the Members of the Legislative Assembly Pension Plan to be $43,525,000. The normal actuarial cost of the plan as a percentage of payroll was estimated at 58.1 percent.

Participation

At March 31, 1990, there were a total of 91 individuals participating in the MLA Pension Plan, 8 of whom were terminated members who had either not made a choice regarding their plan status or were awaiting a deferred pension.

Of the 83 active members, 28 were also participating in respect of their Executive Council office, and 7 were participating as Speaker, Deputy Speaker, and Leaders of Opposition parties.

Contributions

The schedule below summarizes the member and government contributions for the year ended March 31, 1990:

	Participants At March 31, 1990	Contributions Received		
		Member $	Government $	Total $
Members of the Legislative Assembly	91	431,545	389,267	820,812
Members of the Executive Council	28	95,663	95,663	191,326
Speaker, Deputy Speaker, and Leaders of the Opposition and Recognized Opposition Parties	7	11,367	11,367	22,734
	126	538,575	496,297	1,034,872

Note: Contributors as Members of the Executive Council, Speaker, Deputy Speaker, and Leaders of the Opposition and Recognized Opposition Parties, are also contributors as Members of the Legislative Assembly.

Refunds

The following amounts of member contributions and interest were refunded to members terminating employment:

In addition, one refund of excess contributions totalling $99 was made during the year.

	Number	Amount $
Registered Retirement Savings Plans	6	47,253
	6	47,253

Information and Counselling Services

During the year, Payroll and Pensions Division provided counselling assistance to those members considering retirement.

Payroll and Pensions Division assisted the Alberta Retired Public Employees Society with the publication of Postscript. Postscript is a quarterly newspaper provided free of charge to pensioners. A regular information bulletin called Pension News was forwarded to the Legislative Assembly Office, to assist staff in carrying out their responsibilities under the pension plan.

Annual statements, containing information on pensionable service, contributions and prior service, were produced and forwarded through the Legislative Assembly Office to all active participants in the plan.

Pension Benefits

During the year ended March 31, 1990, pension benefits paid totalled $2,507,800, an increase of $526,500 (26.6 percent) over the previous year.

A total of 23 pensions were granted in the categories shown in the table below. Previous year figures are included for comparison.

	1990	1989
Normal Retirement	2	–
Early Retirement	21 (7)	–
Death-in-Service (Spousal)	–	1 (1)
	23 (7)	1 (1)

( ) Brackets denote pensions co-ordinated with Canada Pension Plan (CPP) and/or federal Old Age Security (OAS) payments.

Pension options selected by members were as follows:

	At March 31, 1989	Retirements	Beneficiaries	Deaths	End of Guarantee Term	At March 31, 1990
Member Pensions						
Normal (life with 75 percent survivor pension)	116	22				138
Single Life	1					1
Guaranteed 10 years	5					5
Guaranteed 15 years	6				(1)	5
Guaranteed 20 years	24					24
Joint Life non-reduced	9	1		(1)		9
Joint Life reduced one third	3					3
Joint Life reduced one half	2			(1)		1
Spousal Pensions						
Single Life	1					1
Guaranteed 5 years	2					2
Guaranteed 10 years	1					1
Guaranteed 15 years	1					1
Guaranteed 20 years	1	—		—	—	1
Total Pensions	172	23		(2)	(1)	192
Pensions Co-ordinated with CPP and/or OAS	54	7		—	—	61

The schedule below categorizes the pensions in effect at March 31, 1990, by dollar value of monthly pension:

Dollar Value Per Month $	Member Pensions	Spousal Pensions	Total
1 - 499	38	2	40
500 - 999	52	1	53
1,000 - 1,499	48	2	50
1,500 - 1,999	25	1	26
2,000 and over	23	-	23
	186	6	192

Effective January 1, 1990, a cost of living adjustment of 3.25 percent was granted to those pensioners in receipt of a pension for one year or more with a proportionately smaller increase granted to those retiring during the calendar year 1989.

Statement of Receipts and Payments
Year Ended March 31, 1990

	1990 $	1989 $
RECEIPTS		
Member contributions	538,575	394,390
Government contributions	496,297	377,110
Total Receipts	1,034,872	771,500
PAYMENTS		
Benefits		
Pensions to retired members	2,442,078	1,926,034
Pensions to surviving spouses	65,722	55,266
	2,507,800	1,981,300
Withdrawals		
Refunds of contributions and interest to terminated members	47,253	–
Refunds of excess contributions	99	–
	47,352	–
Total Payments	2,555,152	1,981,300
Excess of Payments over Receipts	1,520,280	1,209,800

Comparative Statistics

The table below shows comparative statistics of receipts and payments for the most recent five fiscal years.

(000's)

Fiscal Year	RECEIPTS			PAYMENTS			
	Member $	Government $	Total $	Benefits $	Withdrawals $	Total $	Excess of Payments Over Receipts $
1989/90	539	496	1,035	2,508	47	2,555	1,520
1988/89	394	377	771	1,981	–	1,981	1,210
1987/88	343	322	665	1,954	–	1,954	1,289
1986/87	417	325	742	1,850	39	1,889	1,147
1985/86	324	286	610	1,241	9	1,250	640